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THE COTTON SITUATION

A radio interview between A. D. Stedman, Assistant Administrator, and E. D. White, Southern Division, Agricultural Adjustment Administration, broadcast Monday, November 22, 1937, in the Department of Agriculture period, National Farm and Home Hour.

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SALISBURY:

Now some facts about the cotton situation. We've asked Mr. E.D. White of the Triple-A Southern Division, and Mr. Alfred D. Stedman, Assistant Administrator of the Triple-A, to explain the cotton situation. Sted, will you take over please?

STEDMAN:

Thanks, Morse. The cotton situation deserves the attention of every listener--north, east, and west, as well as in the south. It is not the problem of the south alone--it's everyone's problem. If it remains unsolved, it will injure the north, east, and west indirectly, as it injures the south directly. Now to the problem. E. D. will you state it briefly?

WHITE:

The biggest cotton crop in all our history, Sted--that's point number one. The official forecast is 18 million 2 hundred thousand bales. The next largest crop was 17 million 9 hundred thousand, in 1926.

STEDMAN:

Then adding the carryover.....

WHITE:

Adding a carryover of 6,000,000 bales on August 1, we have a total supply in this country of 24 million 4 hundred thousand bales.

STEDMAN:

What about world production and supply?

WHITE:

Well, the latest estimates are that we'll have a world supply of 50 million 1 hundred thousand bales, for 1937-38, and that will be the biggest on record.

STEDMAN:

The biggest world supply on record....well, on the other side of the picture, what about consumption?

WHITE:

This country has been using more cotton during the past two years--last year we used much more than the average since 1930. But foreign countries have been using less of our cotton. Where formerly we exported about 7,900,000 bales a year, we now export only about 5,500,000 bales.

(over)

STEDMAN:

.. Now about price.

WHITE:

Well, supply is on one end of a see-saw, and price is on the other end. Supply goes down, price goes up; supply goes up, price goes down. Last year, 30 million acres produced 12 million 4 hundred thousand bales. Price averaged around 12.4 cents, or approximately the pre-war price. With this year's bumper crop, the price tumbled to 8 cents and below.

STEDMAN:

Well, there's the situation. A record cotton production in the United States this year, a record world supply, increasing use of cotton in this country but a serious loss of markets abroad, and a low price that comes with tremendous supply.

WHITE:

That's the economic situation. Millions of people depend on cotton for their living. They can't eat cotton. They can't build houses with it. They can only sell it, so that they can buy the things they need. If they can't buy them, they go in debt or go without. The people who ordinarily produce and sell things to them lose their jobs and go in debt or go without.

STEDMAN:

In view of what has happened in the past few years, I think most of us will agree that poverty on the farm tends to cause poverty in the cities. But I believe a lot of our listeners would be interested in knowing why the present problem situation arose. What was the reason for the mammoth crop in this country?

WHITE:

The weather primarily. The growing season was a cotton farmer's dream--just about perfect over practically the whole cotton belt. Better adapted seed and better methods of fighting the boll weevil added their share. And much of the land probably produce more because the farmers have been using conservation practices for several years under 3-A programs. The yield is forecast at 258 pounds an acre, as compared with the previous record yield of 216 pounds in 1914. In many respects, a high yield per acre is a fine thing because it cuts the cost of producing a pound of cotton. Fewer acres in cotton also leaves more acres free to grow soil-conserving crops and more food and feed crops to use at home. But the big yield of this year sneaked up on the cotton producers. They didn't expect it, and they planted a lot more acres than they would have if they had realized how much they would produce on those acres.

STEDMAN:

Anyway, the cotton belt had nearly perfect weather, the farmers used better methods, and they produced a record crop. Now what about events in foreign countries that help make the cotton problem?

WHITE:

Well, Sted, as you know, foreign production has been increasing for a long time. Government action in China, Russia, Uganda, and to some extent in Brazil have caused those countries to grow more cotton in recent years. These four countries account for 80 percent of the increase in foreign production since 1932. Since 1930, Russia and China have done everything they could to grow all the cotton they need. Their cotton does not compete with our cotton and their increase had little or nothing to do with our programs. Like this country, the foreign countries have been increasing their yields per acre. Then there's the tariff. Tariff policies in this country have forced some countries to go elsewhere for their cotton. We often hear that the adjustment we have made in cotton production has caused the huge increase in production abroad. Higher prices do cause increases abroad but most of the foreign increase definitely has no relation to our control.

STEDMAN:

In view of what has been said so far, it begins to look as if it's a pretty good thing the American cotton farmers didn't plant as many acres this year as they have in the past.

WHITE:

It is a good thing. In 1926, for example, they planted 45 million acres. This year, because of the Agricultural Conservation Program, they planted only about 34 million acres. If they had planted 45 million acres this year and had gotten the yield they did get, they would have produced over 23 million bales. And without the AAA Conservation Program, there easily might have been 45,000,000 acres. There would have been no cash payments for conservation practices. There would have been the damage to the soil which results when a large acreage is placed in cotton. And there would have been no loans on cotton, no cotton price adjustment payment and a lower price than the low price now.

STEDMAN:

Perhaps you'd better explain about the loan and payment plan and their connection with the present program.

WHITE:

Well, the Commodity Credit Corporation is lending 9 cents on 7/8 inch middling cotton and growers who cooperate in an adjustment program next year will be paid \$130,000,000 as partial compensation for this year's low prices. The loan and the payment would be impossible, from a practical standpoint, unless we had a program which gives farmers the machinery to keep their production from getting entirely out of hand.

STEDMAN:

In other words, without a program the loan and payment probably would stimulate continued overproduction and lead to a situation like that in which the Farm Board found itself.

WHITE:

That's right.

STEDMAN:

The question now is what can the farmers and the government do about cotton in the future.

WHITE:

Sted, I wish every one of our listeners could have heard Secretary Wallace at Memphis a few weeks ago when he discussed a sensible middle course for cotton.

STEDMAN:

I do too, E.D. He went into the cotton situation very thoroughly.

WHITE:

And from all the available facts, he charted a middle course that would seek to give the farmer the greatest possible income from cotton.

STEDMAN:

E.D., will you give the main points of the course he outlined?

WHITE:

Certainly. Moderate adjustment of production, together with continued conservation of the soil; all possible encouragement for an increased consumption of cotton; an increased production of home food and feed crops.

STEDMAN:

As I remember, the Secretary also stressed the importance of our cotton exports.

WHITE:

Yes; he said that we should serve notice to the world that the United States intends to keep its place in the world cotton market. This would mean that we would have to supplement the market price with payments to cotton producers. Those payments would be necessary, for the American cotton price is likely to remain at unsatisfactory levels if we are to maintain our foreign sales.

STEDMAN:

The Secretary mentioned loans too.

WHITE:

But they would be used only to prevent price collapses. As you know a cotton loan above the market price tends to pile up cotton in government hands and decrease exports. Then the Secretary advocated that the farmers, through the government, have the power to step in in times of emergency and put a halt on continued overproduction.

STEDMAN:

Those, in very few words are Secretary Wallace's recommendations as to the future course for cotton. Now as to next year.....

WHITE:

Present plans for next year call for a continuation of the Agricultural Conservation Program but in improved form. The 1938 program sets a

national cotton goal of 28 million acres. Every cotton farm will have its individual cotton goal, along with a soil-building goal. Local committees of farmers will set the individual goals. The farmer who achieves his goals will earn payments at specified rates. Conservation committees and county agents have or will have the details of the 1938 program.

STEDMAN:

Well, E.D., I guess some general conclusions are in order now.

WHITE:

All right. Here are my own views: Cotton farmers are eager to co-operate with each other, through the aid of the government, in a sensible, long-time program. I believe that farmers outside the cotton belt, and many people who are not farmers, are eager to help the South solve the cotton problem. However, we'll have a cotton problem for some time. As the South moves toward a solution of that problem, it should further decrease its production costs. It should increase its standard of living by producing more of its own food and feed. Above all, the South--and the rest of the country should understand the problem and resolve to meet it with common sense methods. That is the only way to handle the situation.

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